

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2512 – SB 2481

March 7, 2016

SUMMARY OF ORIGINAL BILL: Requires the Commissioner of Labor and Workforce Development to publish the report concerning the condition of the Unemployment Trust Fund during the first week of January and the first week of July each year on the department's website.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (013052): Deletes all language of the original bill. Requires the Department of Labor and Workforce Development (DLWD) to maintain a 100 percent verification of employment searches performed by unemployment insurance recipients and removes the medical exemption from the list of disqualifying events for unemployment benefits.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures – Exceeds \$2,076,000/Unemployment Trust Fund

Assumptions for the bill as amended:

- Based on information provided by DLWD, the department's new unemployment insurance system currently being implemented has the capability of complying with the provision requiring 100 percent verification of employment searches performed by unemployment insurance recipients and will result in additional individuals being removed from the unemployment program due to noncompliance of employment searches.
- The amount of individuals that will be removed from the program for noncompliance of employment searches and the amount of reduced expenditures from the Unemployment Trust Fund for those individuals is not known, but is reasonably estimated to exceed \$50,000 annually.

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- Data from 2015 shows a total of 629 claimants received unemployment compensation that were classified as injured or ill.
- The 629 claimants averaged total benefit payouts of \$3,221.
- Removing the medical exemption will reduce recurring expenditures from the Unemployment Trust Fund by an estimated \$2,026,009 (629 x \$3,221).
- The total recurring decrease in state expenditures from the Unemployment Trust Fund is estimated to exceed \$2,076,009 (\$50,000 + \$2,026,009).

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

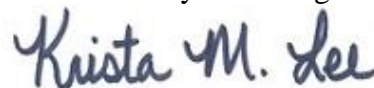
Decrease Business Revenue – Exceeds \$1,038,000

Assumptions for the bill as amended:

- At least 50 percent of unemployment benefits are spent within the Tennessee economy.
- Given the reduction of unemployment benefits as a result of this bill, the recurring decrease in business revenue is estimated to exceed \$1,038,005 (\$2,076,009 x 50%).
- Any impact on the overall number of jobs resulting from the decrease in business revenue will be not significant.
- There will be no significant change to the overall number of people employed in Tennessee resulting from the increased enforcement for recipients to search for jobs or resulting from those with injuries or illness no longer receiving benefits.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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